



BUDGET MEMO: HOUSE AND SENATE 2025-27 OPERATING BUDGET PROPOSALS

April 2025

As the legislature works toward the end of the 2025 session, the focus will largely shift to working to reach an agreement on a final compromise budget by the time session is scheduled to adjourn on Sunday, April 27th. In Washington, the big two-year biennial budget is always passed in the first year of the biennium (odd-numbered years/long sessions), and the second year (even-numbered years/short sessions) is when the legislature passes supplemental budgets that make changes to the biennial budget that had passed in the previous session. 2025 is a long session, which means it's a full budget year where the budget for the upcoming biennium (July 2025-June 2027) is developed.

The Senate and House released their respective proposed 2025-27 operating budgets on March 24th. Following their release, the proposals were passed out of each of their fiscal committees and off of their chamber floors. In the remaining two weeks of session, they will work to sort through the differences between the proposals. This memo provides an overview of the different operating budget proposals¹ as passed off the floor of each chamber and highlights some of the key investments related to prevention.

Revenue Forecast & Budget Landscape

The budget landscape for the 2025 legislative session is extremely complicated with the state facing a significant budget shortfall over the four-year outlook. For more background on the multiple factors that are contributing to this budget shortfall, see the Prevention Alliance budget memo: [Fall 2024 State Budget Landscape](#). While the amount of the projected shortfall has grown since that writing (estimated at \$5-10 billion down over the four-year outlook this fall; current estimates are around \$16 billion down over the four-year outlook), the components contributing to the shortfall that are outlined in the Fall 2024 budget memo are still relevant.

One of the budget factors that has gotten worse since fall is the projected revenue forecast. On March 18th, the Economic and Revenue Council (ERFC) released the [spring quarterly revenue forecast](#). These revenue projections provide House and Senate budget writers with the fiscal landscape they must work with as they draft their respective proposed operating budgets.

¹ Note that while the focus of this budget memo is on the operating budget, the legislature will also work to pass final capital and transportation budgets. These budgets also contain important investments relating to prevention including active transportation, outdoor recreation, housing, homelessness, and behavioral health. You can find those budget proposals and final budgets (once available) on the legislature's budget page – fiscal.wa.gov.

In the March 18th forecast, the forecast of funds subject to the [budget outlook](#)² for the current 2023-25 biennium is projected to increase by \$54.4 million, but then is projected to *decrease* by \$479 million for the 2025-27 biennium, and *decrease* by \$420 million for the 2027-29 biennium. This means the state budget shortfall is projected to grow for the next two ensuing biennia. The combined change in revenue projections compared to the November 2024 forecast is a *decrease* of \$845 million over the period of the current biennium and the next two ensuing biennia (2025-27 and 2027-29). This projected shortfall is in addition to the estimated \$15 billion shortfall over the four-year outlook that the legislature has already been contemplating as they have been considering legislation this session and working to prepare budget proposals.

Operating Budget Proposals

General Overview

Both chambers released their respective operating budget proposals on March 24th, with the Senate releasing their proposal first.

As passed off the Senate floor, the proposal would appropriate \$77.8 billion from funds subject to the outlook (NGF-O)³ for the upcoming 2025-27 operating budget, which includes \$4.4 billion in increased maintenance level costs. While there were spending reductions to many programs, services, and agency spending throughout the budget, overall there was an increase of \$1.6 billion in policy level changes. Policy level changes mean new or increased spending for programs and services, as opposed to maintenance level funding. To help address the budget shortfall, the Senate budget assumes \$6.2 billion in new revenue for the 2025-27 biennium under the Senate-proposed revenue package.

As passed off the House floor, the proposal would appropriate \$77 billion from funds subject to the outlook (NGF-O)⁴ for the upcoming 2025-27 operating budget, which again includes \$4.4 billion in increased maintenance level costs. While there were spending reductions to many programs, services, and agency spending throughout the budget, overall there was an increase of \$914 million in policy level changes. To help address the budget shortfall, the House budget assumes \$5.2 billion through their different proposed revenue package.

A high level summary comparing the two proposals as passed off the floor of each chamber is provided below in Table 1. There is a \$789 million difference between the two chambers' proposed 2025-27 budgets, which comes from a difference in proposed new policy spending. It

² Funds subject to the budget outlook include the state general fund (GF-S), the Education Legacy Trust Account (ELTA), the Opportunities Pathways Account (OPA), and the Workforce Education Investment Account (WEIA). [Chapter 8, Laws of 2012](#), requires the legislature to adopt a four-year balanced budget. Since the 2013-2015 biennium, the legislature has been required to enact a balanced operating budget that leaves a positive ending fund balance in the general fund and related funds (ELTA, OPA, and WEIA). For more background on the Four-Year Outlook, see the [Prevention Alliance policy brief on Washington's Four Year Outlook](#).

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is important to note that not only are the total amounts between the two chambers different, but the proposals also prioritized funding for different things. This means they not only need to land on a final amount, they also need to work through what in each proposal will (or won't) get funded or cut, and at what level.

Table 1: Comparing the Senate and House Passed 2025-27 Operating Budgets

	Senate-Passed Operating Budget (March 29th)	House-Passed Operating Budget (March 31st)
Appropriations total for 2025-27 budget	\$77.792 billion	\$77.003 billion
Increase in General Fund spending compared to the enacted 2024 supplemental budget	\$5.847 billion total increase. Of this amount, \$1.635 billion is new policy level spending. The remaining balance is attributed to maintenance level, reversions ⁵ , and other adjustments.	\$5.058 billion total increase. Of this amount, \$914 million is new policy level spending. The remaining balance is attributed to maintenance level, reversions, and other adjustments.
Ending fund balance & Total Reserves	The NGF-O ending fund balance for the 2025-27 biennium is projected to be \$120 million. Combined with the Budget Stabilization Account (a.k.a. Rainy Day Fund), the Senate proposal leaves \$2.151 billion in total reserves.	The NGF-O ending fund balance for the 2025-27 biennium is projected to be \$1.178 billion. Combined with the Budget Stabilization Account (a.k.a. Rainy Day Fund), the House proposal leaves \$3.235 billion in total reserves.
Assumed New Revenue Under Chamber's Respective Revenue Package	\$6.26 billion <i>The Senate's revenue package can be found here</i>	\$5.181 billion <i>The House's revenue package can be found here.</i>
Links to documents	Senate Budget Bill as Passed Senate Agency Detail Budget Outlook	House Budget Bill as Passed House Agency Detail Budget Outlook

The House and Senate proposed budgets passed under the Senate bill number ([SB 5167](#)). This is a procedural step where whichever chamber passes their budget off their chamber floor first, that budget bill number becomes the vehicle for the budget. While the bill page is usually the go-to place for proposed legislation, when it comes to the budget it is best to refer to the legislature's budget website – [fiscal.wa.gov](#) – where the most recent budget proposals and accompanying documents can be found.

The Senate passed their proposed budget with a vote of 28 to 21 with all Republicans and two Democrats voting 'nay'. The House passed their proposed budget with a vote of 54 to 44 with all Republicans and five Democrats voting 'nay'.

⁵ Reversions are unused appropriation authority. If an agency does not spend all of its appropriation in the timeframe specified by the budget, the authorization to spend that dollar amount expires. To learn more budget-related terms, see the [Glossary of Budget Terms](#) from the Office of Financial Management.

Funding for Prevention Priorities

Given the budget landscape, there are not significant new investments proposed in the budget proposals. The priority for most budget requests this session has been to avoid or minimize cuts, to continue one-time funding from the previous biennium, or to request small funding increases. With both chambers including new revenue from their respective proposed revenue packages⁶, deep cuts to programs and services were not as prevalent as they could have been.⁷ A lot of the new spending that's listed in the summary above is due to either maintenance level costs or are for state employee compensation and benefits.

When we look at prevention-related priorities, while funding levels varied between many items in the two budgets, many deep cuts were largely avoided, and some small investments or continuation of funding were included in each proposal. We also see some efforts with proviso language (sometimes without funding) that aims to continue the discussion and work around an issue. Some highlights are provided in Table 2 below. Please note that this is not a comprehensive list of all prevention-related items funded in the budget, but rather highlights of many of the strategies on the Prevention Alliance platform this year.

It is important to note when looking at budget proposals that a chamber doesn't typically fund a bill from the opposite house if it has not yet passed their chamber. For example, the House passed [HB 1177](#), which concerns the child welfare housing assistance program. Because this is a House bill, the Senate did not factor it into their budget proposal. Therefore, \$500,000 in funding to implement that bill was included in the House-proposed budget, but not the Senate-proposed budget. This is to be expected and not something to be concerned about. However, assuming the bill passes the opposite chamber, advocates still have to work to ensure the funding needed to implement the bill is included in the final budget.

Table 2: Highlights of Prevention-Related Items in Proposed Budgets

Item	Senate Budget	House Budget
Child Welfare Housing Assistance Program – to help serve families eligible for the program who are placed on a waiting list (HB 1177)	\$0	\$500,000 GFS
DentistLink – a public private partnership with a state-based oral health foundation to connect Medicaid patients to dental services and reduce barriers to accessing care.	\$100,000 GFS	\$0
Family Preservation Services – an in-home counseling and support program	(-\$6 million GFS) reduction due to underspend	\$2.29 million GFS
School-Based Health Centers (SBHC) – funding to continue existing SBHC grants for the 2025-27 biennium	\$2.374 million GFS	\$2.374 million GFS

⁶ An overview of the Senate's revenue package can be found [here](#). An overview of the House's revenue package can be found [here](#).

⁷ House Democrats produced a website – [What Does A "No Revenue" Budget Mean?](#) – that highlighted the potential devastating impacts of an all-cuts, no-revenue budget. The examples on the website are based on former Governor Jay Inslee's "Book 1" budget, which he is required to produce based on current law (aka no new revenue).

Rising Strong - provides family-centered drug treatment and housing programs for families experiencing substance use disorder	\$4.7 million GFS	\$4.7 million GFS
Plan of Safe Care - a prevention plan designed to promote the safety and wellbeing of birthing parents and their infants with prenatal substance exposure	\$0	\$1.22 million GFS
Medical Assistance Re-Procurement - requires HCA to prepare for the reprocurement of managed care contracts while making several changes related to the purchase of regional crisis services (HB 1813)	\$0	\$877,000 GFS (\$1.073 million total)
Andy Hill Cancer Research Endowment Fund - expenditure authority for the Andy Hill Cancer Research Endowment Fund (CARE Fund) (SB 5455)	\$24.22 million	\$22.22 million
Behavioral Health Supervisor Stipend Fund - program established at the Department of Health to increase participation in supervised experience activities for behavioral health professions	\$986,000	\$0
Fair Start for Kids Act Reductions were proposed in each budget to delay implementation of various components of the Fair Start for Kids Act. This is not a comprehensive list of delays/reductions, but gives an example of delays related to Working Connections Child Care (WCCC).	WCCC rate delay: (\$121.6 million GFS); Savings copay increase: (\$20.1 million GFS); Delay income eligibility WCCC: (\$119.5 million GFS)	WCCC rate delay: (\$121.6 million GFS); Delay income eligibility WCCC: (\$119.5 million GFS)
Cascade Care Savings Funding to continue state subsidies for low-income people purchasing health insurance through the Exchange	\$55 million GFS (funded for Plan Year '26 – Jan-Dec 2025)	\$55 million GFS (funded for Plan Year '26 – Jan-Dec 2025)
Housing Trust Fund	\$600 million (Capital funding)	\$598 million (Capital funding)

Next Steps for the Budget

Now that both chambers have released and passed their respective budget proposals, budget leaders from the House and Senate will work through the differences in their respective budgets and work to negotiate a final budget to pass by the time session adjourns on April 27th.

Prepared for the Prevention Alliance by:
Carrie Glover
Carrie Glover Consulting
carrie@carriegloverconsulting.com

For more information about the Prevention Alliance, contact:
Julie Peterson
Executive Director
Foundation for Healthy Generation
juliep@healthygen.org

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